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RUYNAC/COMNAVFORJAPAN YOKOSUKA JA PRIORITY
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INFO RUEHFK/AMCONSUL FUKUOKA 8140
RUEHNH/AMCONSUL NAHA 0520
RUEHNAG/AMCONSUL NAGOYA 6431
RUEHKSO/AMCONSUL SAPPORO 8731
RUEHOK/AMCONSUL OSAKA KOBE 1830
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USTR FOR PUBLIC AFFAIRS OFFICE;
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CP BUTLER OKINAWA FOR AREA FIELD OFFICE;
PACOM HONOLULU FOR PUBLIC DIPLOMACY ADVISOR

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SUBJECT: TOKYO MEDIA REACTION - FAO CONFERENCE ON WORLD
FOOD SECURITY AND SURGING OIL PRICES

11. LEAD STORIES: Top stories on Tuesday morning included a GOJ idea to convene an extraordinary Diet session in late August to ensure passage of a series of contentious bills, including one designed to extend the MSDF refueling mission in the Indian Ocean beyond January 2009.

12. "Link Food Conference to Successful G-8 Summit" On the start of the UN Food and Agriculture Organization (FAO) conference on world food security, the conservative Sankei said in an editorial (6/3): "Behind the worldwide rise in food prices lie a combination of various factors, including a change in the supply-demand mechanism, global warming, slow economic development in Africa, the presence of speculative money, increased production of biofuels, and food export restrictions.... Together with the issue of global warming, the food crisis is a global challenge that requires international coordination to be resolved. It is necessary for Japan to keep addressing related issues in order to link the accomplishments of the upcoming FAO meeting to the G-8 summit in Hokkaido. As the chair of the summit, Japan bears a heavy responsibility."

13. "Concerted Approach Needed to Confront Speculators" The liberal Tokyo Shimbun editorialized (6/3): "An increase in demand in China and other countries alone cannot justify the ongoing surge in petroleum prices. Oil prices since 2004 have not been affected by supply and demand. In addition to political instability in Iraq and other oil producers, the price rise can be attributed to an influx of 'hot money' into the oil

market meant to offset losses from the dollar's depreciation.... Speculative money has flowed into the wheat market, as well, triggering a rush for food among developing countries. Energy and food form the basis of society and must not be subjected to money games. European nations have considered asking fund operators to disclose their investment portfolios. Relevant U.S. authorities have reportedly launched an investigation to check possible commodity market manipulation by speculators. Curbing hot money so that it does not disturb market discipline would be acceptable."

SCHIEFFER